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State Dept. review completed

LIMITED OFFICIAL USE MEXICO 13409

E.O. 12356: N/A
TAGS: EGEN, BTIO, MX
SUBJECT: SENATOR PRESSLER/MONTEL TELECON, 9/30 CONCERNING
-- WOOL SALE TO MEXICO

1. PLEASE PASS THE FOLLOWING MESSAGE TO SENATOR LARRY
PRESSLER:

2. DEAR LARRY,

IMMEDIATELY AFTER YOU TELEPHONED YESTERDAY MORNING, MY AGRICULTURAL COUNSELOR JOHN MONTEL TELEPHONED MEXICO'S UNDER SECRETARY OF COMMERCE IN CHARGE OF AGRICULTURAL IMPORTS UNDER THE CCC'S CREDIT GUARANTEE PROGRAM GSM-102 OF THE CCC. HE ASKED THE UNDER SECRETARY WHAT IS HOLDING UP THE ISSUANCE OF LETTERS OF CREDIT TO YOUR SOUTH DAKOTA WOOL PRODUCERS. THE UNDER SECRETARY EXPLAINED THAT MEXICO'S IMMEDIATE NEED IS TO INSURE ADEQUATE FOOD SUPPLIES TO CONSUMERS AND THAT THE SCARCE DOLLARS AVAILABLE IN THE COUNTRY HAVE TO BE ALLOCATED FOR THE PURCHASE OF THOSE BASIC PRODUCTS THAT HAVE TOP PRIORITY.

THE UNDER SECRETARY SAID THAT HIS AGENCY WILL DO A REVIEW OF PURCHASES AND COMMODITY COVERAGE UNDER GSM-102 SOMETIME NEXT SPRING, WHEN IT MAY BE POSSIBLE TO INCLUDE WOOL IN THE MEXICAN GOVERNMENT'S LIST OF PRIORITIES. WE URGED HIM TO CONSIDER THIS AND SAID WE WOULD RAISE THE MATTER AGAIN AT THAT TIME.
JOHN MONTEL ALSO TELEPHONED THE PRESIDENT OF THE MEXICAN NATIONAL CHAMBER OF WOOL MANUFACTURERS, SR. JESUS ARANZABAL. HE IS PREPARED TO BUY WOOL FROM YOUR PRODUCERS AS SOON AS A MEXICAN BANK CAN CONVINCE THE DEPARTMENT OF COMMERCE HERE TO APPROVE A LETTER OF CREDIT TO THE BANK USED BY THE SOUTH DAKOTA PRODUCERS.

UNDER THE CIRCUMSTANCES, I DO NOT THINK A VISIT BY YOU TO MEXICO AT THIS TIME WOULD BE FRUITFUL. THE MEXICAN GOVERNMENT WILL SPEND WHAT FEW DOLLARS IT HAS ON FOOD, AS WELL AS OTHER PRESSING NEEDS, INCLUDING INTEREST PAYMENTS DURING THIS PERIOD OF ECONOMIC DIFFICULTY.

PLEASE DO NOT HESITATE TO CALL AGAIN IF WE CAN ASSIST YOUR WOOL PRODUCERS IN ANY OTHER WAY. WE ARE HERE TO SERVE YOU.

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